

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EQUITABLE GAS COMPANY, )  
A DIVISION OF EQUITABLE RESOURCES, INC., ) CASE NO. 89-286  
FOR AN ADJUSTMENT OF RATES )

O R D E R

On November 29, 1989, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed its application for Commission approval of proposed increase in its rates for gas service. Equitable's proposed rates would generate additional annual revenues of \$449,255, an increase of 23 percent above its adjusted test-year revenues. No other parties requested intervention in this case. The Commission Staff issued its Staff Report on May 4, 1990 recommending that Equitable be allowed to increase its annual revenue requirement by \$410,983 and recommending a change in Equitable's rate design. On June 13, 1990, pursuant to a written request from Equitable, Equitable and Staff met during an informal conference and executed the Settlement Agreement attached hereto and incorporated herein as Appendix A to this Order. The Settlement Agreement provides that Equitable requires an increase in its total annual revenues of \$423,000.

The Commission, having reviewed the Settlement Agreement, other evidence of record, and being otherwise sufficiently advised, finds that:

1. The Settlement Agreement strikes a reasonable compromise between the positions advocated by Equitable and Commission Staff and is supported by substantial evidence in the record.

2. The revenue requirements and rates provided for in the Settlement Agreement are in conformity with generally accepted rate-making principles.

3. The terms of the Settlement Agreement result in the rates set forth in the Appendix to said agreement which are the fair, just, and reasonable rates for Equitable and should be approved for service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

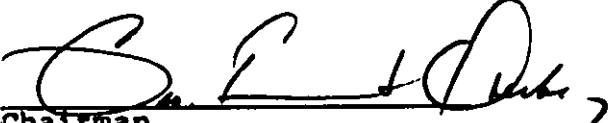
1. The terms and conditions set forth in the Settlement Agreement are reasonable and all terms and conditions set forth therein are hereby adopted and approved.

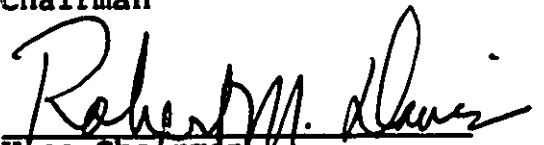
2. The rates in the Appendix to the Settlement Agreement are approved for service rendered by Equitable on and after the date of this Order.

3. Within 30 days of the date of this Order, Equitable shall file its revised tariffs setting forth the rates approved herein.

Done at Frankfort, Kentucky, this 27th day of June, 1990.

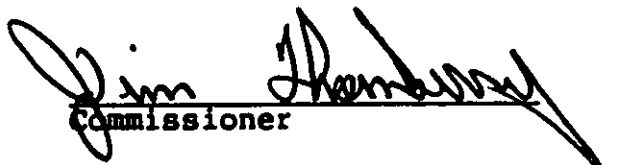
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Executive Director

  
Commissioner

APPENDIX A

Appendix to an Order of the Kentucky Public Service Commission  
in Case No. 89-286 dated 6/27/90

RECEIVED

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

JUN 29 1990

OFFICE SECRETARY  
COMMISSION

In the Matter of:

THE APPLICATION OF EQUITABLE GAS COMPANY, )  
A DIVISION OF EQUITABLE RESOURCES, INC., ) CASE NO. 89-286  
FOR AN ADJUSTMENT OF RATES )

SETTLEMENT AGREEMENT

WHEREAS, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed an application with the Public Service Commission on November 29, 1989 seeking a rate increase to produce an increase in annual revenues of \$449,255, an increase of 23% over adjusted test period revenues; and

WHEREAS, by Order dated February 12, 1990, Equitable's rates were suspended for 5 months through August 11, 1990 pursuant to KRS 278.190; and

WHEREAS, there are no intervenors or other parties of interest in this proceeding; and

WHEREAS, on March 14, 1990, Equitable filed the direct testimonies and the exhibits of 4 witnesses: S. F. Piskurich, Bernard L. Bilski, J. J. Drozdowski, and P. J. Fulkerson; and

WHEREAS, on May 4, 1990 Commission Staff submitted its report on Equitable setting forth its recommendations regarding the revenues and expense adjustments proposed by Equitable and further setting forth the recommended rate design and therein recommended an increase in annual revenues of \$410,983; and

WHEREAS, Equitable and Commission Staff having engaged in and completed discovery; and

WHEREAS, representatives of Equitable and the Commission Staff met at the Commission's offices on June 13, 1990 to discuss and negotiate potential settlement of this case. As a result of this meeting, a settlement has been reached.

NOW, THEREFORE, be it resolved that:

1. The signatories agree that Equitable's adjusted operating revenue for the test year period is \$2,776,825. A summary of operating revenue is contained in the Staff Report of May 4, 1990.

2. Equitable and Commission Staff agree that based upon the Staff Report and subsequent negotiations, Equitable's adjusted test year operating expenses are \$3,002,917. All adjustments are contained in the Staff Report of May 4, 1990, with the exception of the following:

- a. An adjustment to the calculation of cash working capital;
- b. Inclusion of rate case expense of \$1,021; and
- c. An adjustment to accumulated depreciation as a result of compromise.

3. Based upon the agreed upon adjusted test year operating revenue, return of 13.0% on common equity and an overall rate of return of 10.95%, Equitable requires a revenue increase of \$423,000.

4. Equitable and Commission Staff agree that Equitable's annual total revenue requirement should be increased by \$423,000 and that the rate design attached hereto and incorporated herein as an Appendix to this agreement be implemented, to produce annual sales revenue of \$3,199,588 based on the May 1, 1990 Purchased Gas Adjustment approved in Case No. 6602-RR.

5. Equitable and Commission Staff agree that Equitable shall, on or before its next rate proceeding, provide appropriate depreciation studies, specifically to address any possible deficiency in the depreciation reserve.

6. This agreement is submitted for the purpose of this case only and shall not be deemed binding on the signatories hereto in any other proceeding nor is it to be relied upon in any other proceeding involving the signatories.

7. This document comprises the entire agreement between Equitable and Commission Staff and is being proposed to avoid the costs associated with protracted litigation.


8. Equitable acknowledges that it is within the Commission's discretion to accept or reject this agreement in its entirety.

9. If the Commission adopts this agreement in its entirety, the signatories agree that they shall not file an application for rehearing or appeal to Franklin Circuit Court from such Order.


10. The foregoing agreement is reasonable, in the best interest of all concerned and will result in fair, just, and

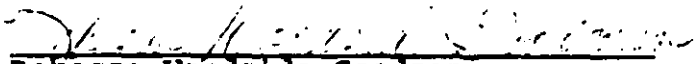
reasonable rates for Equitable and its ratepayers, and should be adopted by the Commission in its entirety.

AGREED TO BY:

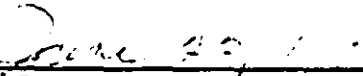


Lawrence B. Nydes  
Counsel for Equitable Gas

  
Date



Rebecca Woodside Goodman  
Counsel for Commission Staff

  
Date

## APPENDIX

### APPENDIX TO THE SETTLEMENT AGREEMENT BETWEEN EQUITABLE GAS COMPANY AND THE KENTUCKY PUBLIC SERVICE COMMISSION STAFF FILED IN CASE NO. 89-286

Customer Service Charge	\$4.00
First 2 MCF	\$5.7811
Next 18 MCF	\$5.5811
Next 30 MCF	\$5.4911
Next 50 MCF	\$5.4111
All Over 100 MCF	\$5.3411